

**UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF LOUISIANA**

<b>UNITED STATES OF AMERICA</b>	*	<b>CRIMINAL NO.: 11-72</b>
<b>v.</b>	*	<b>SECTION: "K"</b>
<b>CHARLES SHIELDS</b>	*	

\* \* \*

**FACTUAL BASIS**

Should this matter have gone to trial, the Government would have proved, through the introduction of competent testimony and admissible tangible exhibits, including the testimony of Special Agents of the Federal Bureau of Investigation ("FBI") and U.S. Department of Labor, Office of Inspector General ("OIG") and others, the following facts, beyond a reasonable doubt, to support the allegations charged by the United States Attorney in the Bill of Information now pending against the defendant, **CHARLES SHIELDS**.

Hurricane Katrina made landfall in Louisiana on August 29, 2005, and caused widespread damage to the Gulf Coast region of Louisiana. The Federal Emergency Management Administration (FEMA) provided funding for a variety of disaster-related programs, including expedited emergency disaster assistance to homeowners, rental assistance, and disaster unemployment assistance (DUA). FEMA delegated the responsibility of administering the DUA to the United States Department of Labor (USDOL). In turn, the USDOL provided the funds it received from FEMA to the Louisiana

Department of Labor (LDOL), which administered both the DUA program and Unemployment Insurance (UI) program for residents of the State of Louisiana.

The LDOL administered the UI program as part of the Social Security Act of 1935, the funding of which came primarily from private employment contributions, but which was also partially funded by the federal government. The purpose of UI was to provide benefits to persons out of work through no fault of their own and to lessen the effects of unemployment.

DUA provided financial assistance to individuals whose employment or self employment had been lost or interrupted as a direct result of a major disaster declared by the President of United States. DUA provided financial assistance to individuals who became unemployed as a direct result of the disaster and who either did not qualify for regular Unemployment Insurance or had exhausted all of the Unemployment Insurance to which they were entitled.

On August 29, 2005, as a result of Hurricane Katrina, President Bush declared a major disaster for portions of Louisiana. On the same date, Governor Kathleen Blanco, signed an Executive Order suspending certain requirements for filing certain claims, including the requirement to verify the employment status of those claimants claiming to have become unemployed by the storm. As a result, UI and DUA claims for pay periods ending September 3, 2005 through November 19, 2005, were paid under an auto-pay program. In most instances, the accounts were automatically credited with funds, back dated to the date of the storm. After November 19, 2005, when the auto-pay program ended, individuals already receiving UI and/or DUA benefits could call into the LDOL's "Interactive Voice Response" (IVR) system on a weekly basis to verify their employment status and report any income earned.

DUA benefits were initially available to unemployed individuals for up to twenty-six (26) weeks, as long as the unemployment continued to be caused by the major disaster. The benefits period and maximum benefit amount for Hurricane Katrina victims were subsequently extended by Congress and the President until the week ending June 3, 2006. Unemployed individuals claiming benefits could apply using the internet, by telephone or by going to a local LDOL office.

Prior to Hurricane Katrina, UI benefits were paid either through paper checks, which were issued by the LDOL and mailed to the recipient from Baton Rouge, Louisiana or through direct deposits from the LDOL into a bank account specified by the applicant in his or her application.

After Hurricane Katrina, benefits were generally paid through bank debit cards issued from JP Morgan Chase Bank (Chase Bank) in Tampa, Florida. Authorization for the creation of each debit card account was sent by electronic transfer from LDOL in Baton Rouge, Louisiana to Chase Bank in Tampa, Florida. For each DUA recipient, Chase Bank caused a third party contractor to create an individual Visa debit card, with its bank and Visa logos and a unique account number assigned and embossed upon each card. The debit cards were mailed to the address specified by each applicant. Recipients of DUA debit cards retrieved funds from their respective accounts by utilizing bank ATM machines or by making purchases from merchants who would accept the cards.

On or about April 12, 2006, an LDOL debit card numbered XXXX-XXXX-XXXX-4905 issued to J. H. was sent by Chase Bank to 7518 Main Street, Houma, Louisiana with \$6,708 in benefits on the debit card. The debit card was activated on April 14, 2006 and used at a Chase Bank located at 8026 Main Street, Houma, Louisiana and on that same date, nine large sum withdrawals from various ATM machines were made with that LDOL debit card.

Between April 15, 2006 and June 19, 2006 multiple phone calls to LDOL were made from **CHARLES SHIELDS'** home phone number regarding the alleged status of J.H.'s unemployment. These phone calls made from **SHIELDS'** phone to the LDOL were false certifications that J.H. remained unemployed so that **SHIELDS** would receive additional disaster unemployment benefits in J.H.'s name to which **SHIELDS** was not entitled. During that time period, an additional \$2,064 in unemployment benefits was deposited on the debit card issued to J.H. for a total of \$8,772 paid out on that debit card.

J.H. was interviewed by Special Agents from the FBI and Department of Labor, OIG, and stated that he evacuated to Marshall, Texas during Hurricane Katrina and initially applied for unemployment benefits. Shortly thereafter, he was contacted by his employer and advised that he could resume his employment. J.H. then contacted the unemployment office and advised that he did not need unemployment benefits. J.H. stated that he never received or used a debit card issued to him for unemployment benefits.

The defendant, **CHARLES SHIELDS**, is the owner-operator of an auto detailing business, located at 7518 Main Street, Houma, Louisiana. The defendant, **CHARLES SHIELDS**, was interviewed by Special Agents of the FBI and Department of Labor, OIG, and stated that an LDOL employee, "T.H." from the unemployment office located next to his business, told the defendant that they could make money by getting unemployment benefits put on debit cards in other people's names. **SHIELDS** stated that the agreement between T. H. and **SHIELDS** was that T.H. would provide **SHIELDS** with the names and identifying information of unemployment claimants and **SHIELDS** would call Chase Bank to re-direct the individuals' unemployment debit cards to

**SHIELDS'** business address. **SHIELDS** admitted that he used two different debit cards to withdraw cash from Chase Bank ATM machines, kept 30 percent of the money and gave the remainder of the cash to T.H. **SHIELDS** stated that the scheme ended between **SHIELDS** and T.H. when **SHIELDS** asked for additional cards and T.H. stated that he was using other people to spread the money around so as to make it harder to detect the crime. As a result of this fraudulent scheme, **SHIELDS** received approximately \$14,572 in unemployment benefits from FEMA and LDOL to which he was not entitled.

An employee of Chase Bank would testify, and admissible records would be submitted to prove, that on or about April 14, 2006, the pre-loaded Chase Bank debit card, numbered XXXX-XXXX-XXXX-4905, issued to J.H. but fraudulent obtained by the defendant, **CHARLES SHIELDS**, was used in the Eastern District of Louisiana at a Chase Bank ATM located in Houma, Louisiana. This use, in turn, caused certain writings, signs, signals and sounds to be sent from one point of use in Houma, Louisiana to a Chase Bank data center outside the state of Louisiana, authorizing the defendant, **CHARLES SHIELDS** to obtain cash by the use of the falsely and fraudulently obtained Chase debit cards issued to defendant.

Both the Government and the defendant, **CHARLES SHIELDS**, do hereby stipulate and agree that the above facts set forth a sufficient factual basis for the crime to which the defendant is pleading guilty and that the government would have proven these facts beyond a reasonable doubt at trial.

\_\_\_\_\_  
JULIA K. EVANS (DATE)  
Assistant United States Attorney

\_\_\_\_\_  
CHARLES SHIELDS (DATE)  
Defendant

\_\_\_\_\_  
MICHAEL S. ZERLIN (DATE)  
Counsel for Defendant